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FINANCING OF THE UNITED NATIONS PEACE-KEEPING FORCE IN CYPRUS

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the financing of the United Nations Peace-keeping Force in Cyprus (UNFICYP) (A/49/590). The Committee met with representatives of the Secretary-General who provided additional information.

2. By its resolution 186 (1964) of 4 March 1964, the Security Council recommended that the United Nations Peace-keeping Force in Cyprus (UNFICYP) be established; UNFICYP became operational on 27 March 1964. Since then, the Security Council has extended the duration of the mandate of UNFICYP, mainly for six-month periods. By its resolution 927 (1994) of 15 June 1994, the Council extended the mandate of UNFICYP for a period of six and one half months from 16 June to 31 December 1994.

3. By its resolution 48/244 of 5 April 1994, the General Assembly decided to appropriate a total amount of $10,500,000 gross ($10,072,000 net) for the six-month period from 16 December 1993 to 15 June 1994. The Assembly also authorized the Secretary-General to enter into commitments for the maintenance of the Force up to the amount of 3.8 million dollars gross (3,726,284 dollars net) per month for the period from 16 June to 15 December 1994, subject to the decision of the Security Council to extend the mandate of the Force beyond 15 June 1994.

4. Since the period beginning 16 June 1993, the costs of UNFICYP which are not covered by voluntary contributions have been assessed on Member States. Voluntary contributions equal to one third of the annual cost of UNFICYP are being made on a continuing basis by the Government of Cyprus, while the Government of Greece has pledged an annual contribution of $6.5 million. The

General Assembly, in its resolution 47/236 of 14 September 1993, had requested the Secretary-General to establish a special account for UNFICYP for the period beginning 16 June 1993 and to maintain it separately from the account established for UNFICYP prior to 16 June 1993.

5. Paragraphs 6 to 16 of the report of the Secretary-General contain information, inter alia, on the status of assessed and voluntary contributions, the financial administration of the separate accounts for UNFICYP, the status of reimbursement to troop-contributing States, the financial performance reports for the periods from 16 December 1993 to 15 June 1994 and from 16 June to 31 December 1994, as well as the cost estimate for the period from 1 January to 30 June 1995 and 1 July 1995 to 30 June 1996, should the Security Council decide to extend the mandate of UNFICYP beyond 31 December 1994. With regard to the status of assessed contributions for the period from 16 June 1993, the Advisory Committee was informed that the balance of assessments due as at 30 November 1994 was $8,724,288.

6. In paragraph 18 of its resolution 48/244, the General Assembly requested the Secretary-General, taking into account the voluntary nature of the financing of the Force prior to 16 June 1993, to report, in the context of the next budget performance report, on the status of the Special Account and to include in that report possible solutions on how to improve reimbursements of the amounts owed to troop-contributing States for the period prior to 16 June 1993. Paragraphs 17 to 25 of the report of the Secretary-General address the subject of the status of the Special Account established prior to 16 June 1993. Table 2 and paragraph 24 of the report reflect the position as at 30 June 1994, showing a cash balance of $3 million, unrecorded obligations amounting to some $202 million and outstanding pledged voluntary contributions of $6.4 million. The Advisory Committee was informed that the cash balance in the account as at 30 November 1994 was $3.4 million.

7. In this connection, in paragraph 29 (d) of the report, the Secretary-General has proposed that the unencumbered balance of $1,349,600 (see para. 8 below) for the period from 16 December 1993 to 15 June 1994 and the projected unencumbered balance of $190,900 (see para. 12 below) for the period from 16 June to 31 December 1994 be used for meeting the expenses of the Force for the period prior to 16 June 1993 or for the crediting of those amounts against the assessment on Member States for future mandate periods. In accordance with regulation 4.3 of the Financial Regulations and Rules of the United Nations, the Advisory Committee points out that unencumbered balances should be returned to Member States.

Financial performance report for the period from 16 December 1993 to 15 June 1994

8. As indicated in paragraph 9 of the report of the Secretary-General, the total resources made available to UNFICYP for the period 16 December 1993 to 15 June 1994 amounted to $23,000,000 gross ($10.5 million appropriations and $12.5 million voluntary contributions), while expenditures amounted to $21,577,600 gross, as set out in annex I to the report. Thus, the unencumbered balance for the period amounts to $1,422,400 gross ($1,349,600 net) with

interest and miscellaneous income during the period totalling $28,825 and $1,475, respectively.

9. Supplementary information on the subject is contained in annex II to the report. The Advisory Committee notes that the major items that account for savings are in respect of military personnel costs comprising standard troop cost reimbursement, daily allowance, emplacement, rotation and repatriation of troops and related costs. These savings were the result of the fact that the actual number of troops on board was lower than the authorized strength and that the actual number of rotations and emplacement of troops was also lower than anticipated, as a result of the arrival of a contingent late into the mandate period.

10. As shown in annex XII to the report, an average vacancy rate of 17 per cent for international staff during the period resulted in savings of $175,300. However, as indicated in annex II, line item 10 (a) (ii), some of the savings were offset by an overexpenditure in the amount of $292,000 for contractual services, owing to payment of separation costs, including indemnity payments (see A/48/907, para. 15).

11. As indicated in paragraphs 26 to 28 of the report of the Secretary-General and as reflected in annexes I and II of the report, savings were achieved as a result of the implementation of recommendations of the Advisory Committee with respect to the methodology for calculating the emoluments of the Special Representative of the Secretary-General, as well as the hiring of helicopters (see A/48/907, paras. 16 and 17).

Financial performance report for the period from 16 June to 31 December 1994

12. As indicated in paragraph 11 of the report, total resources made available to UNFICYP for the six-month period from 16 June to 15 December 1994 amounted to $22,800,000 gross ($10,850,000 voluntary contributions and $11,950,000 against commitment authority given to the Secretary-General). Expenditures for the six-and-one-half-month period from 16 June to 31 December 1994 are projected at $22,550,000 gross, resulting in an unencumbered balance of $250,000 gross.

13. Information on expenditure and savings for the period is given in annexes III and IV of the report. The Advisory Committee appreciates that a true performance report for the period 16 June to 31 December 1994 cannot be provided at this point. The Committee was informed that, for the most part, the expenditures and savings reflected for the period are only estimates. The Advisory Committee notes that some of the projected overexpenditure is the result of the two-week extension of the mandate, for which no budgetary provision was made, while the savings are mainly the result of the vacancies in international personnel and locally contracted personnel.

Cost estimate for the period from 1 January to 30 June 1995

14. The Secretary-General estimates that, should the Security Council decide to extend the mandate of UNFICYP beyond 31 December 1994, the cost of maintaining UNFICYP for the mandate period of six months from 1 January to 30 June 1995

would be $22,113,000 gross ($21,678,000 net), taking into account pledged voluntary contributions of $10,600,000.

15. As indicated in paragraph 2 of annex VI to the report, the cost estimate provides for 1,230 military personnel consisting of 1,110 infantry and 120 logistic support personnel. In addition, provision has been made for 12 military observers and 35 civilian police. However, the Committee was informed that as of 1 January 1995 there was a possibility that the 12 military observer posts may not be occupied; consequently there would be a reduction of $76,700, including the cost of rations ($12,900), in the total estimates.

16. The Advisory Committee notes that the estimate for rations for the period from 16 June to 31 December 1994 as indicated in annex III of the report of the Secretary-General is $1,051,000. For the period from 1 January to 30 June 1995, the estimate as shown in annex VI to the report is $1,377,200 for rations for the same number of personnel. This is the result of the fact that, as indicated in annex VI, the estimate has been calculated at a rate of $5.93 per person per day as opposed to the previously used rate of $4.50 per person per day. On inquiry as to the increase, the Advisory Committee was informed that the rations being provided by the British Forces at the rate of $4.50 per day would be discontinued after 31 January 1995, and it will, therefore, be necessary to obtain those supplies from commercial sources.

17. With regard to costs for international staff, the Advisory Committee notes that the estimate of $1,102,300 provides for the salaries and common staff costs of 42 international staff. The Advisory Committee understands that this estimate does not take into account a vacancy factor, although experience in the previous mandate periods has shown that not all of the posts have been filled. The Advisory Committee was informed, for example, that of the 42 international posts, only 37 have been occupied during the period from 16 June to 31 December 1994. Consequently, the Advisory Committee recommends a reduction of $55,100 in the estimates for this purpose, on the basis of a 5 per cent vacancy rate.

18. As indicated in annex VI, line item 10, the estimate of $3,967,300 for contractual services provides for 318 locally employed personnel recruited on a contractual basis through the United Kingdom Command Secretariat. However, the Committee was informed that no vacancy factor had been taken into account for budgeting purposes for this category of personnel, although of the 318 posts only 305 have been filled during the mandate period from 16 June to 31 December 1994. The Advisory Committee therefore recommends a reduction of $79,300 in the estimates for this item on the basis of a 2 per cent vacancy rate.

19. The Committee notes that the adjustment in the number of posts from 41 to 42 is the result of the inclusion of the post of the Special Representative in this category instead of under temporary assistance, as identified in the previous budget submission. The Committee concurs with the proposal to replace one post at the Assistant Secretary-General level with a D-2 level post (annex VI, line item 2 (b)(i)).

20. Taking into account its observations and recommendations in paragraphs 16, 18 and 19 above, the Advisory Committee is of the opinion that the cost of UNFICYP should not exceed $21,916,600 gross for the period 1 January to 30 June 1995, should the Security Council decide to extend the mandate of UNFICYP beyond 31 December 1994.

Cost estimates beyond 30 June 1995

21. As indicated, these estimates are based on the cost parameters provided in annex VI for the period 1 January to 30 June 1995. The Advisory Committee notes that with regard to contractual services, as indicated in annex VII of the document, provision is made for payment of salaries of 318 locally employed civilians, which include a 4 per cent increase in salaries over the previous period owing to a cost of living allowance plus an additional bonus equivalent to one month's salary given at the end of the year ($7,413,400).

22. As indicated in paragraph 14 of the report, the Secretary-General estimates that with regard to the 12-month period after 30 June 1995, the costs of UNFICYP would be $43,637,400 gross ($42,767,400 net), taking into account the voluntary contributions that would be received from the Governments of Cyprus and Greece. The Advisory Committee notes that the figure for the 12-month period after 30 June 1995 represents a reduction from the estimates for the previous period. The Advisory Committee was informed that this was the result of the fact that no purchase of vehicles ($130,000) has been envisaged during the period and certain items of office furniture ($38,400) and accommodation equipment ($163,100) would not be necessary. In view of the general observations and recommendations of the Advisory Committee in the paragraphs above, and specifically in paragraph 16 above, and bearing in mind the recommendations of the Advisory Committee with regard to peace-keeping budget cycles in its report on administrative and budgetary aspects of the financing of United Nations peace-keeping operations (A/49/664 and Add.1), the Advisory Committee recommends an appropriation at this time of $43,472,300 gross ($43,059,000 net) for the period from 1 July 1995 to 30 June 1996, subject to the renewal of the mandate by the Security Council. However, the Committee requests that a financial performance report for the period up to 31 December 1994 be submitted to it by April 1995. It would be the intention of the Advisory Committee to review this performance report at its spring 1995 session and, on that basis, to recommend changes to the level of appropriations, if necessary.